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## State sues former payday lender

JOANNE BRATTON  
Bulletin Staff Writer

LITTLE ROCK — A state agency filed a civil lawsuit Friday against former payday lender Dennis Bailey and his family, alleging he transferred property to his children to avoid paying a \$1.3 million fine.

Read the Arkansas State Board of Collection Agencies complaint online at [www.baxterbulletin.com](#)

Bailey owned Mountain Home Fast Cash off U.S. Highway 62 East until the Arkansas State Board of Collection Agencies ordered it closed in July.

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The ASBCA filed the lawsuit in Pulaski County Circuit Court against Bailey and his wife, Karen, who live in Fordyce, and their children, William Brooks, Morgan Elyse and Samuel Bronson Bailey. The lawsuit also lists Jonathan Whitehead, Bailey Enterprises Inc. and BMB Finance Co. LLC.

The lawsuit asks for a \$1,317,450 judgment plus interest against

Bailey's companies, BMB Finance Co. of West Plains, Mo., and Bailey Enterprises. It also asks for a judgment against transferees and an injunction against further transfers of assets.

Bailey's attorney, Paul Johnson of Little Rock, said his client had not yet been served with the lawsuit and said he would make a comment after he read the complaint.

In June 2006, the ASBCA fined Bailey \$1,317,450 for allegedly operating 14 check-cashing businesses without a state license. Bailey appealed the fine on the basis that sworn testimony was not given at the agency's administrative hearing but a circuit court judge upheld the agency's order.

The lawsuit alleges since October 2004, when Bailey was made aware of his liability for allegedly violating state law, he transferred his assets with the intent to "hinder, delay and defraud" the state board from recovering its claim.

In the lawsuit, the ASBCA alleges Bailey transferred six properties in Little Rock, Fordyce, Sheridan and Camden to his children with a \$10 quit claim deed, with no tax stamps on the deed. The properties ranged from houses to a convenience store and other commercial properties.

Also listed in the lawsuit are three properties in Little Rock, Fayetteville and Dallas County that allegedly were transferred to others or bought under family members' names.

The lawsuit also alleges that after the June 2006 administrative order, Bailey transferred about \$195,000 from his payday lending stores to other companies he owned and co-mingled his assets. Most transfers were under \$10,000, which avoids a federal reporting requirement, according to the lawsuit.

*jobratton@baxterbulletin.com*

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